A PHASE OF ACCOUNTING IN TRADE-MARK CASES.

PROTECTION against unfair dealing by imitation of trade names, marks, or symbols, is now afforded the injured trader on one of two grounds, — either by the judicial recognition of his technical trade-mark to which he may have an exclusive right in connection with a particular class of goods, or by the protection of names, marks, or signs to which he has no such exclusive right, on the ground of unfair competition.[1] It is the "good will" of the merchant, or the right to have the benefit of the reputation of his products, which is thus guarded by the courts.[2]

In Elgin National Watch Co. *v.* Illinois Watch Co.,[3] Chief Justice Fuller defines thus the technical trade-mark:

> "The term has been in use from a very early date, and generally speaking, means a distinctive mark of authenticity, through which the products of particular manufacturers or the vendible commodities of particular merchants may be distinguished from those of others. It may consist in any symbol or in any form of words, but as its office is to point out distinctly the origin or ownership of the articles to which it is affixed, it follows that no sign or form of words can be appropriated as a valid trade-mark which, from the nature of the fact conveyed by its primary meaning, others may employ with equal truth, and with equal right, for the same purpose."

Within the field of marks which are capable of exclusive ownership, a trader may become entitled to the exclusive use of a name or symbol, provided he can show priority of ownership and continuous use thereof associated with a particular class of goods.[4] And his rights, so far as an injunction is concerned, are to be protected irrespective of the innocent character of the defendant's acts.[5] In cases of unfair competition the courts in England logically enough do not require fraud on the part of the defendant as a necessary element of a complainant's cause of action.[6] But fraud

---

1 For a discussion of the relationship between the law of trade-marks and of unfair competition, see 10 HARV. L. REV. 275, and 12 *ibid.* 243.

2 George G. Fox Co. *v.* Glynn, 191 Mass. 344, 349.

3 179 U. S. 665, 673.

4 Gilman *v.* Hunnewell, 122 Mass. 139.

5 Regis *v.* Jaynes, 185 Mass. 458, 460.

6 Millington *v.* Fox, 3 Myl. & C. 338, 352.

seems to be a necessary prerequisite in the United States courts.[1] The remedy in trade-mark cases may be by action at law or in equity; in cases of unfair competition it may be in equity; in cases of trade-mark the injunction is absolute against the use of the offending mark;[2] in the other class of cases it is against the use of the complainant's marks without signs sufficiently distinguishing to prevent confusion of the two commodities in the public eye.[3]

If the aggrieved trader resorts to a court of equity and is held entitled to an injunction to protect him against infringement of his trade-mark or against unfair competition, he is in the United States, in most cases, entitled to an account of damages and profits to be estimated by a master in chancery. Generally speaking, the successful complainant can recover the damages sustained by reason of the wrongful user and the profits earned by the defendant through such wrongful user.[4] If, however, the defendant's acts were purely accidental, without any deliberate intention to deceive the public, an account of profits may not be ordered.[5]

It is the purpose of this article to discuss a rule relating to an accounting of profits affirmed by the Supreme Court of Massachusetts in a recent trade-mark case. This rule is found in the case of Regis *v.* Jaynes.[6] The plaintiffs in that case had built up since 1877 a small business in the sale of dyspepsia tablets in boxes marked "Rex." They began advertising in 1898, and the business was confined to Haverhill, Mass., and surrounding towns. The defendants were retail druggists, and began in Boston in 1903 advertising on a large scale "Rexall Dyspepsia Tablets" in ignorance of the plaintiffs' rights. The defendants' labels, except for the similarity of names, differed from those of the plaintiffs, but both remedies consisted of two sorts of pills to be taken in connection with each other. The defendants did a large busi-

---

1 Elgin Nat'l Watch Co. *v.* Illinois Watch Case Co., 179 U. S. 665, 674; Howe Scale Co. *v.* Wyckoff, 198 U. S. 118; French Co. *v.* Saratoga, 191 U. S. 427, 440. And see W. R. Lynn Shoe Co. *v.* The Auburn-Lynn Shoe Co., 100 Me. 461; 16 HARV. L. REV. 272.

2 Bass *v.* Feigenspan, 96 Fed. Rep. 206.

3 Reddaway *v.* Banham, [1896] A. C. 199.

4 Saxlehner *v.* Eisner & Mendelson Co., 138 Fed. Rep. 22; Walter Baker & Co. *v.* Slack, 130 Fed. Rep. 514; Singer Mfg. Co. *v.* June Mfg. Co., 163 U. S. 169, 207.

5 Elgin Nat'l Watch Co. *v.* Illinois Watch Co., 179 U. S. 665, 674; Saxlehner *v.* Siegel-Cooper Co., 179 U. S. 42; N. K. Fairbank *v.* Windsor, 124 Fed. Rep. 200; Ellen *v.* Slack, 24 Sol. J. 290; Moet *v.* Couston, 22 Beav. 578.

6 191 Mass. 245.

ness, but almost entirely in Boston and so substantially outside the territory of the plaintiffs. There was no fraud involved except that the defendants continued to sell their tablets after notice from the plaintiffs of infringement of their trade-mark "Rex"; and this continuance caused absolutely no diversion of the plaintiffs' business. The plaintiffs obtained an injunction against the use by the defendants of the name "Rexall Dyspepsia Tablets" in connection with the sale of their pills.[1] A supplemental bill was filed praying for damages and profits for infringement since the filing of the original bill. The case was recommitted to the master; and at the hearing before him the defendants offered to prove that no actual deception or mistake had occurred by reason of the defendants' acts, and that there had been no sales of the defendants' tablets as and for the goods of the plaintiffs during the period covered by the accounting. The master ruled that both these offers were immaterial and that the defendants were liable for all profits. The defendants alleged exceptions. The unusual question was, therefore, directly presented to the Supreme Court of Massachusetts, whether, in an accounting in a trade-mark case, the defendant cannot show in relief of himself that he made no sales by reason of the resemblance between the two labels, and that there had been no confusion of the competing commodities in the public mind.[2]

Judge Sheldon, who expressly dealt with the case apart from the trade-mark statute in Massachusetts,[3] found sufficient fraud on the part of the defendants in their continuing infringement after the filing of the original bill to satisfy the requirements of Saxlehner *v.* Siegel-Cooper Co.[4] and other cases.[5] He overruled the defendants' exceptions, and held that a defendant must account for all profits earned by the infringing trade-mark, irrespective of the question whether the purchasers had in fact bought the goods of the plaintiff believing them to be the goods of the defendant. To the correctness of this ruling we now address ourselves.

The situation was certainly an unusual one. In the ordinary accounting, from the nature of the subject-matter, it is as difficult for the plaintiff to show that any one purchaser from the defendant

---

[1] Regis *v.* Jaynes, 185 Mass. 458.

[2] Regis *v.* Jaynes, 191 Mass. 245.

[3] Mass. Rev. Laws, c. 72, § 9.

[4] 179 U. S. 42.

[5] *Supra.*

would have bought the plaintiff's goods had he not been misled into buying the defendant's, or that any one purchaser actually bought the defendant's goods as and for those of the plaintiff, as it is for the defendant to show the contrary. But here the small local character of the "Rex" business as compared with the infringing "Rexall" business enabled the defendants to show affirmatively what is rarely possible. Ought not the infringer to be allowed the benefit of this proof?

Let us turn to the authorities in Massachusetts, in this country, and in England. In Massachusetts, certainly, the Supreme Court was not fettered by any previous judicial expression in favor of the complainants' position.[1] The first case before the full bench

---

[1] Outside the present case, there is no trade-mark or unfair competition case in Massachusetts which has reached the full bench in which an accounting has been completed. Up to 1878 there was no decree for damages or profits in a trade-mark suit in equity in any case before the full bench.

Suits in equity to protect symbols, in which the defendants succeeded and in which, of course, no question of accounting arose, are: Ames *v.* King, 2 Gray (Mass.) 379; Rogers *v.* Taintor, 97 Mass. 291; Emerson *v.* Badger, 101 Mass. 82; Hallett *v.* Cumston, 110 Mass. 29; Boston Diatite Co. *v.* Florence Mfg. Co., 114 Mass. 69; Gilman *v.* Hunnewell, 122 Mass. 139; Magee Furnace Co. *v.* LeBarron, 127 Mass. 115; Connell *v.* Reed, 128 Mass. 477; Warren *v.* Warren Thread Co., 134 Mass. 247; Chadwick *v.* Covell, 151 Mass. 190; American Order of Scottish Clans *v.* Merrill, 151 Mass. 558; Weener *v.* Brayton, 152 Mass. 101; Covell *v.* Chadwick, 153 Mass. 263; Burt *v.* Tucker, 178 Mass. 493; Garst *v.* Hall & Lyon Co., 179 Mass. 588; Dover Stamping Co. *v.* Fellows, 163 Mass. 191; Martin *v.* Bowker, 163 Mass. 461; Crossman *v.* Griggs, 186 Mass. 275; Lothrop Co. *v.* Lothrop, Lee & Shepard Co., 191 Mass. 353; Messer *v.* The Fadettes, 168 Mass. 140.

Actions at law in which the defendant succeeded: Thomson *v.* Winchester, 19 Pick. (Mass) 214; Marsh *v.* Billings, 7 Cush. (Mass) 322; Chase *v.* Mayo, 121 Mass. 343.

In the following cases, although an injunction was granted restraining the use of plaintiff's symbols, no accounting of profits was ordered: Hoxie *v.* Chaney, 143 Mass. 592; Russia Cement Co. *v.* LePage, 147 Mass. 206; International Trust Co. *v.* International Loan & Trust Co., 153 Mass. 271; Noera *v.* Williams Mfg. Co., 158 Mass. 110; American Waltham Watch Co. *v.* U. S. Watch Co., 173 Mass. 85; New England Awl Co. *v.* Marlborough Awl Co., 168 Mass. 154; Flagg Mfg. Co. *v.* Holway, 178 Mass. 83; Hildreth *v.* McDonald Co., 164 Mass. 16; Viano *v.* Baccigalupo, 183 Mass. 160; Bowman *v.* Floyd, 3 Allen (Mass.) 76; Samuel *v.* Spitzer, 177 Mass. 226; Cohen *v.* Nagle, 190 Mass. 4; George G. Fox Co. *v.* Glynn, 191 Mass. 344.

Commonwealth *v.* Jacob Rozen, 176 Mass. 129; Commonwealth *v.* Abe Strauss, 188 Mass. 229; and Commonwealth *v.* R. I. Sherman Mfg. Co., 189 Mass. 76, were criminal proceedings under statute and have no application to this case.

In Frank *v.* Sleeper, 150 Mass. 583, an injunction was granted and the case sent to a master to assess damages. Nothing was said as to profits. The case is still pending in the Supreme Court; and no final decree has been entered.

New England Awl Co. *v.* Marlborough Awl Co., 168 Mass. 154, was the case of an imitation of a label. The Supreme Court gave the plaintiff an injunction and sent the case back to the Superior Court, where accounting was waived.

in a trade-mark suit in which an injunction and accounting were ordered was Lawrence Mfg. Co. *v.* Lowell Mills.[1] In 1878 the court below made such a decree for injunction, damages, accounting, and costs. This was affirmed by the full bench in 1880. There is nothing in the case to show that any profits were ordered by the full bench to be paid to the plaintiff, which were not profits made from customers who were deceived by the similarity between the defendant's mark and that of the plaintiff.

Lawrence *v.* Hull[2] was dismissed shortly in the present case on the ground that it raised none of the questions before the court. It was a bill in equity based on the statute[3] to restrain the unlawful use of the plaintiff's name in a partnership designation. The complainant secured his injunction, but the court went on to say:[4]

> "We see no ground for giving the plaintiff profits. The plaintiff has not been competed with unfairly, and his loss bears no relation to the defendants' gains. He ought not to recover more than compensation for his loss, even if the reasoning of the Supreme Court of the United States should seem to suggest that possibility in patent cases. *Tilghman* v. *Proctor*, 125 U. S. 136, 148. Compare *Root* v. *Railway Co.*, 105 U. S. 189, 214, 215."

There seems to be nothing in the statute under which the proceeding in Lawrence *v.* Hall was brought, which should differentiate the principles of accounting there binding from those in a proceeding to protect a common law or statutory trade-mark. This language above quoted seems to recognize a difference between the rule of accounting in a patent case under the express provisions of the United States Statutes, and an accounting in cases closely allied to the present. Lawrence *v.* Hull deserves more consideration than the Supreme Court in the present case gave it.

---

[1] 129 Mass. 325.

[2] 169 Mass. 250.

[3] Mass. Pub. Stat., c. 76, § 6. "No person carrying on business in this commonwealth shall assume or continue to use in his business the name of a person formerly connected with him in partnership, or the name of any other person, either alone or in connection with his own or with any other name or designation, without the consent in writing of such person or of his legal representatives." § 7. "The supreme judicial court may restrain by injunction the use of trade-marks or names in violation of the provisions of this chapter."

[4] P. 252.

The Massachusetts court, therefore, when the principal case was presented for its consideration, was dealing with an open question, except in so far as the defendants' position was favorably affected by Lawrence *v.* Hull.

Outside of Massachusetts there are but few cases in the United States involving this point. Such a one, however, seems to be Baker *v.* Baker,[1] in which the court says:[2]

"The evidence shows that the substantial grievance of the complainant is found in the conduct of William H. Baker at the inception and early in the history of his competition. This was remedied as to the future by the preliminary injunction in the first action. That injunction gave the full measure of relief to which the complainant, under the circumstances of the case, was entitled, except such a recovery for profits and damages as he might be found entitled to. The evidence upon the accounting failed to disclose that the complainant was entitled to any recovery of profits, or any except nominal damages, by reason of the defendant's conduct. It failed to disclose that a single person had purchased goods marketed by the defendant, supposing them to be the product of the complainant, or that the complainant had lost a single customer by the defendant's conduct."

Therefore the complainant recovered only nominal damages.[3]

There is a class of cases holding that the defendant cannot prove in reduction of profits what proportion is due to the com-

---

[1] 115 Fed. Rep. 297.

[2] P. 299.

[3] The case of N. K. Fairbank Co. *v.* Windsor, 118 Fed. Rep. 96, tending the other way, was overruled in 124 Fed. Rep. 200. Paul, Trade Marks, ¶ 326, relies on this overruled case and on Lever *v.* Goodwin, 36 Ch. D. 1 (see *infra*), for his statement, — "Profits recoverable in equity for unfair competition are governed by the same rule as in cases for infringement of trade-marks, and are not limited to such as accrue from sales in which it is shown that the customer is actually deceived, but include all made on goods sold in the simulated dress or package, and in violation of the rights of the original proprietor." And see 10 HARV. L. REV. 275, 298. See Little *v.* Kellam, 100 Fed. Rep. 353; Liebig's Extract Co. *v.* Walker, 115 Fed. Rep. 822, 828; La République Française *v.* Hegeman, 116 Fed. Rep. 1021; Luddington Novelty Co. *v.* Leonard, 127 Fed. Rep. 155, 157; Williams *v.* Metcalf, 106 Fed. Rep. 168, 172.

In Sawyer *v.* Kellogg, 9 Fed. Rep. 601, there is general language that a defendant must account for all profits. But the particular point now under discussion was not presented to the court, nor did it indicate how it would decide it.

But in Atlantic Milling Co. *v.* Rowland, 27 Fed. Rep. 24, 25, the court said extra-judicially: "It is argued that the evidence does not show that the orator would have made this profit if the defendants had not. This might be true, and not affect the rights of the parties. If the defendants made profits by their invasion of the orator's rights, the orator is entitled to them whether the same profits would have been made by the orator or not, and not to any more if they would, for the same profits could not be made by both."

modity itself and what to the trade-mark, by showing that he could have sold other like goods to other people under a different mark.[1] These authorities are not decisive of the position taken by the Supreme Court of Massachusetts in the present case, though their reasoning tends to support it.

Outside the federal courts the Supreme Court of Massachusetts finds in the United States substantial support in a case in Kentucky.[2] There the defendants closely imitated the plaintiff's plows down to minute details, except the trade-mark. Although the complainant had sustained no damage, the court ordered an injunction and accounting of all profits on the ground that the defendants were endeavoring to palm off their plows as the plows of the plaintiff. Real intent to commit fraud existed in this case, and the court emphasized this in its decision:[3]

> "In this case it has been adjudged that the imitation was made with the design on the part of the appellees to make profit by the deception, and we perceive no reason why the appellants should not have the profits if they claim nothing more."[4]

The court was clearly wrong in granting the injunction at all, which somewhat discredits the case. The defendants had a clear right to imitate the complainant's plows, provided they did not imitate the trade-mark and took reasonable means to distinguish

---

1 Benkert *v.* Feder, 34 Fed. Rep. 534 (where there was undoubtedly confusion, as the defendant marked his goods with the complainant's own name); Saxlehner *v.* Eisner, 138 Fed. Rep. 22; Graham *v.* Plate, 40 Cal. 593; Hopkins, Trade-Marks, 2 ed., 383.

2 Avery & Sons *v.* Meikle & Co., 85 Ky. 435.

3 P. 446.

4 See also Beebe *v.* Tolerton & Stetson Co., 117 Ia. 593. This was an action under a statute allowing profits for a forged label. On p. 597 the court said: "The statute can only be upheld on the theory that these profits are either compensatory or penal in character. If compensatory, the plaintiff must show that he or the association he represents has suffered some damage, and there is no pretense of any such proof in this case."

El Modello Cigar Mfg. Co. *v.* Gato, 25 Fla. 886. The bill alleged that the defendant had palmed off their cigars as and for those of the plaintiff, and that the defendants had deprived the plaintiff of profits. The defendants demurred that damages were not recoverable in excess of profits. No question of profits was involved, though the court said by way of dictum that all profits were recoverable. But in view of the allegations of the bill admitted by demurrer, none of this language is in point.

Drummond Tobacco Co. *v.* Tinsley Tobacco Co., 52 Mo. App. 10, 31. Accounting was here denied on the ground that it was difficult to determine the exact data which formed the elements of such an account.

Stonebraker *v.* Stonebraker, 33 Md. 252, 263; Stagg Co. *v.* Taylor, 95 Ky. 651, 669.

the two makes. The court could properly enjoin the sales of the plows unless marked with a distinguishing characteristic, but the relief should have gone no further. The correct rule in such a case is that adopted in Flagg Mfg. Co. *v.* Holway.[1] In that case the defendants imitated the plaintiffs' zither closely, except the trade-mark. The Supreme Court held that the plaintiffs were entitled to an injunction restraining the defendants from selling zithers not more plainly marked with their own name, or some other distinguishing mark; no accounting was granted, although asked for.

Avery & Sons *v.* Meikle & Co.[2] was cited with approval in the recent case of W. R. Lynn Shoe Co. *v.* Auburn-Lynn Shoe Co.,[3] not cited by the court in the principal case. It is probable, though not entirely clear from the report, that in the Maine case all profits were the fruit of the defendant's deception. The approval given to the far reaching Kentucky rule, that profits recoverable in equity in cases of trade-mark or of unfair competition are not limited to such as accrue from sales where it is shown that the customer is deceived, is therefore, in all likelihood, *obiter dictum.*

On the other hand, in Clark Thread Co. *v.* William Clark Co.[4] two manufacturers were entitled to a mark which the defendant was enjoined from infringing. The court did not hold the defendant liable to each owner separately for all profits earned from wrongful sales, or to each owner for half the profits. It said:

> "Its responsibility to the complainant should be confined to such profits as were diverted from the complainant, and such damages as the complainant otherwise sustained, leaving the defendant answerable to the Mile-End Company for the profits unlawfully diverted from it."

Whatever general language in the earlier federal cases there can be found against the rule favoring the defendants, must be considered as superseded by Baker *v.* Baker.[5] In other American jurisdictions the rule favoring the plaintiffs receives substantial support from the somewhat doubtful case of Avery *v.* Meikle,[6] and discredit from Clark Thread Co. *v.* William Clark Co.[7] To the other United States authorities outside Massachusetts not much importance can be attached.

---

1 178 Mass. 83.

2 85 Ky. 435.

3 100 Me. 461, 479.

4 56 N. J. Eq. 789.

5 115 Fed. Rep. 297.

6 *Supra.*

7 56 N. J. Eq. 789.

The English authorities are not entirely clear.[1] The later cases throw some doubt on the earlier ruling which favored the plaintiffs' contention in the case under discussion. In Edelsten *v.* Edelsten,[2] the vice-chancellor in the court below refused to limit the account of profits required of an infringer in a trade-mark case on the ground that there was no proof of deception of the public. This order was affirmed shortly in the upper court. Except in so far as the defendant did not offer actual proof negativing deception, this case is authority for Judge Sheldon.

In Ford *v.* Foster,[3] accounting was allowed of profits earned after the filing of the bill. No point was made by counsel that the defendant's liability should be reduced in the absence of proof of actual deception. The question was very shortly dealt with.

But there seems to be some doubt indirectly cast on these rulings by the more recent case of Hodgsdon & Simpson *v.* Kynoch, Ltd.[4] The court said:[5]

"I grant an injunction restraining the defendant company, its servants and agents, from selling or offering for sale, any of its soaps in any of the four wrappers above mentioned in their present forms with lions' heads upon them, or so as to induce the belief that any of such soaps were manufactured by the plaintiffs. Then, though no actual case of a purchaser being misled into buying the defendants' instead of the plaintiffs' soap has been proved before me, I think if the plaintiffs insist upon more than nominal damages and ask for an inquiry as to damages, I must grant such an inquiry, reserving the costs of it."

Nevill, Q. C. "May we have, instead of an inquiry as to damages, an account of profits?"

Romer, J. "No, certainly not. I think it would be most unjust in this case."[6]

---

[1] In England the plaintiff stands in a better position in patent, trade-mark, and unfair competition cases than in the United States. In patent litigation in England the defendant may be compelled to destroy the infringing article or deliver it to the plaintiff. Betts *v.* DeVitre, 34 L. J. Ch. 289; Lancashire Explosives Co. *v.* Roburite Explosive Co., 12 R. P. C. 470.

In trade-mark and unfair competition cases in England it is unnecessary to prove fraud on the part of the defendant to obtain an injunction. Millington *v.* Fox, 3 Myl. & C. 338, 352; Cellular Clothing Co. *v.* Maxton, [1899] A. C. 326, 334, 335.

[2] 1 De G. J. & S. 185.

[3] L. R. 7 Ch. 611.

[4] 15 R. P. C. 465.

[5] P. 475.

[6] And see Magnolia Metal Co. *v.* Atlas Metal Co., 14 R. P. C. 389; Sanitas Co., Ltd. *v.* Condy, 4 R. P. C. 530.

Kerley, Trademarks, 2 ed., 425: "But if the court is satisfied that the defendant's goods have not, to any substantial extent, been passed off as those of the plaintiff,

The English cases bring out another important point. If goods are sold in a deceptive dress, the infringing manufacturer is not helped by selling only to jobbers who knew of the fraud. This fact makes the jobbers equally guilty, but does not diminish the moral or legal guilt of the manufacturer. As to him the fact that the jobbers bought because of the opportunity for fraud given them only shows that the manufacturer's profits were due to the wrongful dress and not to the quality of his goods, and that therefore he should not be allowed to retain such wrongful profits. And so it was held in Lever *v.* Goodwin,[1] where Cotton, L. J., said:[2]

"The defendants, as I understand, do not sell anything to retail purchasers; what they sell they sell to middlemen, that is to say, to people who purchase from them as wholesale merchants, and who are going to sell it by retail; and the complaint against the defendants is this: 'You have dressed up your soap in such a dress that those middlemen to whom you sell it are enabled, by its having that deceptive dress upon it, to sell it to the ultimate purchasers as the soap of the plaintiffs.' The profit for which the defendants must account is the profit which they have made by the sale of soap in that fraudulent dress to the middlemen. It is immaterial how the middlemen deal with it. If they find it for their benefit not to use it fraudulently, but to sell the soap to the purchasers from them as *Goodwin's*, that cannot affect the question whether the sale by the defendants to those middlemen of this soap in a fraudulent dress was a wrongful act. It still remains a wrongful act, because it put into the hands of the middlemen the means of committing a fraud on the plaintiffs by selling the soap of the defendants as the soap of the plaintiffs."[3]

It is obvious that the case would be entirely different if the jobber bought in ignorance of the resemblance complained of and no user was ever deceived, because the wrongful acts would not have led to any sales, and none of the defendant's profits would have been due to the wrongful acts.

On the one side are Avery *v.* Meikle;[4] W. R. Lynn Shoe Company *v.* The Auburn-Lynn Shoe Co.;[5] Eldesten *v.* Eldesten;[6] Ford

---

although infringing or deceptive marks have been used upon them, the plaintiff ought not, it is submitted, to have any option. To allow him to take the profits made by the defendant's trade in goods which were in fact sold without deception would be unjust."

[1] 36 Ch. D. 1.

[2] P. 7.

[3] So Saxlehner *v.* Apollinaris Co., 14 R. P. C. 645, 657. Mr. Justice Kekewich doubted the correctness of this ruling, but felt bound by it.

[4] 85 Ky. 435.

[5] 100 Me. 461.

[6] 1 De G. J. & S. 185.

v. Foster:[1] on the other, Lawrence *v.* Hull;[2] Baker *v.* Baker;[3] Clark Thread Co. *v.* The William Clark Co.;[4] Hodgsdon *v.* Simpson & Kynoch, Ltd.[5] These are the closest authorities for and against the principal case.

It is respectfully submitted that the case was wrongly decided. No court has a right to confiscate the defendant's property to make a present to the plaintiff. The doctrine of exemplary damages is repudiated in Massachusetts;[6] and courts of equity in particular are supposed to act on the principle that equity abhors a forfeiture.[7] Accordingly, some just reason must be found which makes it equitable that the plaintiff should receive the defendant's profits. In the ordinary case of infringement of a trade-mark the justice of such a payment is easily seen. The defendant has attempted to obtain and has obtained the benefit of a part of the plaintiff's good will by so marking his goods that the public buy on the strength of the good reputation of goods bearing the mark. The infringing goods being accordingly sold by virtue of the plaintiff's good reputation and not by reason of their own merit, it is certainly more reasonable to say that the profits are the property of the plaintiff than of the defendant. This is the only justification for giving the plaintiff the profits made by the defendant. The principal case falls entirely outside this rule. The plaintiffs had no good will of value in Boston, and the public did not buy the infringing goods on the plaintiffs' good will, of which they had never heard, but did buy on the defendants', which was well known. Accordingly, the profits, being due to the defendants' reputation and not to the plaintiffs', are properly the property of the defendants, and the court should not confiscate them and give them to the plaintiffs.

The plaintiffs are amply protected by injunction against any future confusion, and *ex hypothesi* there has been none in the past. Had the defendants never used the mark held to resemble that of the plaintiffs, the latter would have been in precisely the same commercial position as they actually were. None of the defendants' customers had the plaintiffs in mind in making their purchases. Not one cent of the defendants' profits was made from the plain-

---

1 L. R. 7 Ch. 611.

2 169 Mass. 250.

3 115 Fed. Rep. 297.

4 56 N. J. Eq. 789.

5 15 R. P. C. 465.

6 Barnard *v.* Poor, 21 Pick. (Mass.) 378.

7 Bispham, Equity, 3 ed., 238.

tiffs' mark. Rulings that the defendant should account for profits where there has been actual diversion of business, or where the purchaser has confused the competing marks, even though that purchaser would not have been a customer of the plaintiff had the defendant not crossed his path, are fair enough, because in both of these cases the defendant's profit comes out of the plaintiff's reputation. But it seems completely unjustifiable to hold that the money of the defendant's customers, who never heard of the plaintiff or of the plaintiff's goods, and who bought on the good reputation of the defendant's goods, rightfully belongs to the plaintiff.

The rule adopted in this case is not supported by the analogy of bills for the infringement of patents. The complainant in patent accountings has cast upon him the burden of proving affirmatively what profits the defendant derived from his infringement. This sum may be nothing, or a part, or the whole of the profit derived from the sale of the infringing machine or product, according as the plaintiff succeeds or fails in proving that a part, or the whole of such profits was due to the patented invention.[1] In the case of sales of patented products ordinarily the entire profits must be accounted for, because it must be that the patented product is different from any other article or it would not be patentable; and therefore it is hard to escape the inference that the profits from selling it all proceeded from the patented invention. But it has never been held that the defendant is precluded from proving that the patented invention had no effect on his profits. For instance, if the defendant should contract to deliver a certain number of bolts suitable for certain work, and should supply patented bolts when unpatented bolts equally good for the particular purpose could have been supplied under the contract, there is no doubt the plaintiff would not be entitled to any of the profits from such a sale, although if the contract had required the use of the patented bolts the defendant would have been obliged to pay his entire profits. The distinction is not technical. It is simply a matter of common sense. In the first case the defendant got no advantage whatever by the infringement, and in the latter case his entire profit was due to it; and so in the first case he should pay nothing, and in the second case all. It is hard to see, therefore, how the court, in the principal case, could adopt the following analogy:

---

[1] Garretson *v.* Clark, 111 U. S. 120.

"If any analogy from patent cases is to be adopted, we ought rather to follow the rule that where the infringing machine or device derives its entire commercial value from the patented feature or improvement, then the patentee is entitled to the entire profits realized from its sale."

This remark refers to the well-known rule of patent law, that where no apportionment is possible, because the infringing feature dominates the whole machine, the defendant must account for all profits. This rule, in other words, governs only in a case where the defendant is unable to apportion. Why the court thought that, in a trade-mark case where the defendants offered to prove affirmatively that *none* of the value of these infringing goods was due to the resemblance to the plaintiffs' mark, it ought to adopt the rule of patent law laid down for cases where the plaintiff proves affirmatively that the *entire* value of the infringing goods is derived from the patented feature, is not apparent. The direct contrary seems to be the natural conclusion. Under the view held by the court in this extract, if an unfortunate defendant happened by one label to infringe several trade-marks, he would be obliged to account to the owner of each for the full profits derived from the sale of goods bearing that label. He would have no chance, as he would if the rule of the patent law were adopted, to apportion the profit due to each feature of the infringing label, and to account to each owner only for the profits derived from the use of that feature which involved his mark.

It is interesting to note that, not content with giving the plaintiffs all the money actually earned by the defendants, no part of which was earned by the aid of any resemblance to the plaintiffs' trade-mark, the court gave in addition a fictitious profit by refusing to permit the defendants to charge as a part of the expense of the business the fair proportion of rent, heat, light and clerk hire, on the ground that the defendants could not prove that these charges would have been less if the infringing goods had not been sold. The court, in so doing, directly rejected the doctrine of the carefully considered Tremolo case in the Supreme Court of the United States,[1] and established an artificial profit as the profit to be paid instead of the real profit figured as any business man would figure it.

It is suggested that a rule which requires the plaintiff to prove what profits are derived from confusion and what are not, is too

---

[1] 23 Wall. (U. S.) 518.

harsh; that this would place a burden on injured merchants which they could not sustain. Yet in patent cases the complainant is obliged to apportion what profits are due to the patented device and what to other elements of the infringing machine.[1] This burden was so difficult in the case of design patents[2] that Congress had to be resorted to for relief which the courts could not afford.[3] The difficulty that a plaintiff may have in proving his case has not been considered in other branches of the law an adequate reason for relieving him of that burden.[4] Such an argument, at best, only affects the burden of producing proof, not the burden of establishing the case after the proof is all in. Were this burden shifted by allowing the plaintiff to recover all profits, unless the defendant can show affirmatively that none were the result of deception, this hardship on the plaintiff would no longer exist. However, it is respectfully submitted that the plaintiff should be compelled to prove his case in accordance with rules of just compensation. Any questions with reference to the difficulty of proof, real or fancied, in this regard, should be left to the decision of Congress or the state legislatures, as in the case of design patents, not to the courts.

Guy Cunningham.
Joseph Warren.

BOSTON.

---

1 Garretson *v.* Clark, 111 U. S. 120, 121.

2 See Dobson *v.* Hartford Carpet Co., 114 U. S. 439.

3 Act of Feb. 4, 1887, 24 U. S. Stat. at L. 387, 388.

4 Compare cases where a depositor sues a warehouseman for negligence in reference to the *res*. Willett *v.* Rich, 142 Mass. 356; Murray *v.* Internat'l S. S. Co., 170 Mass. 166. See, however, Saxlehner *v.* Eisner, 138 Fed. Rep. 22, and Graham *v.* Plate, 40 Cal. 593, 598, where this difficulty affected the courts' decisions in favor of the complainants.